Message Text

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CONFIDENTIAL BRASILIA 2098

USDOE FOR BERGOLD, SIEVERING

RIO FOR PRESIDENTIAL PRE-ADVANCE TEAM

E.O. 11652: GDS

TAGS: OVIP, (CARTER, JIMMY), PGOV, BR, US, ENRG, OTRA

SUBJECT: ENERGY COOPERATION ON PRESIDENT CARTER'S VISIT TO BRAZIL

SUMMARY: THE CONTENTS OF A PROGRAM OF COOPERATION IN ENERGY RESEARCH AND DEVELOPMENT FOR DISCUSSION AND APPROVAL DURING PRESIDENT CARTER'S TRIP TO BRAZIL HAS BEEN WORKED OUT AT THE TECHNICAL LEVEL WITH THE APPROPRIATE BRAZILIAN MINISTRIES, INCLUDING THE FOREIGN MINISTRY. THERE HAS BEEN NO DECISION YET AT THE POLICY LEVEL IN BRAZILIAN GOVERNMENT WHETHER ENERGY COOPERATION SHOULD BE AN AGENDA ITEM FOR THE PRESIDENT'S DISCUSSION. EMBASSY RECOMMENDS INCLUSION IN DRAFT PRESIDENTIAL COMMUNIQUE OF LANGUAGE SUGGESTED PARA 4 BELOW. END SUMMARY

1. FOLLOWING INSTRUCTIONS IN MARCH 8 NSC MEMO TO SECSTATE AND SEC ENERGY, T. MORAN (S/P) AND J. VANDERRYN (DOE/IA) ACCOMPANIED BY EMB SCIENCE COUNSELOR GOECKERMANN MET MARCH 13-16 WITH SENIOR BRAZILIAN OFFICIALS FROM MINISTRIES OF FOREIGN AFFAIRS, MINES AND ENERGY, AND COMMERCE AND INDUSTRY AS WELL AS FROM PETROBAS, ELETROBRAS, CONFIDENTIAL

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NATIONAL COUNCIL FOR DEVELOPMENT OF SCIENCE AND TECHNOLOGY (CNPQ), AND

STUDY AND PROJECTS FINANCING AGENCY (FINEP, MINISTRY OF PLANNING). IN A CONCLUDING MEETING AT THE FOREIGN MINISTRY, MARCELO DIDIER, DIRECTOR OF THE DIVISION OF ENERGY AND MINERAL RESOURCES, INDICATED THAT BRAZILIAN PRIORITIES WOULD BE 1) COAL MINING, PROCESSING, AND CONVERSION; 2) THE TRANSFORMATION

OF SUGAR AND OTHER AGRICULTURAL PRODUCTS TO ALCOHOL;
3) INDUSTRIAL AND TRANSPORTATION CONSERVATION, WITH 4)
SYSTEMS ANALYSIS TO EVALUATE ALTERNATIVE ENERGY DEVELOPMENT
SCENARIOS AS A TOPIC FOR POSSIBLE FUTURE CONSULTATIONS.
DIDIER STATED, HOWEVER, THAT THE GOB HAD NOT YET DECIDED
WHETHER TO INCLUDE COOPERATION IN ENERGY RESEARCH AND
DEVELOPMENT ON THE AENDA FOR THE VISIT WITH PRESIDENT CARTER.
WHEN AND IF THAT POLITICAL DECISION WERE MADE, IT WOULD BE
COMMUNICATED IMMEDIATELY TO THE EMBASSY.

- 2. IF THE POLICY DECISION IS POSITIVE, THEN THE NEXT STEPS AFTER PRESIDENT CARTER'S VISIT WOULD BE TECHNICAL DISCUSSIONS BY USG EXPERTS IN BRAZIL TO DESIGN PROGRAMS IN EACH OF THE FIRST THREE AREAS IDENTIFIED ABOVE. ALTHOUGH SPECIFIC FUNDING FIGURES WERE NOT DISCUSSED, US SIDE DESCRIBED STUDIES LEADING TO MODEST JOINT PROJECTS IN ALCOHOL FERMENTATION AND COAL CONVERSION ALONG THE LINES DESCRIBED IN INTERAGENCY STUDY SUBMITTED TO NSC. IN OUR DISCUSSIONS THE BRAZILIANS AGREED THAT THE PROGRAM SHOULD BE DEISGNED SO THAT BENEFITS WOULD BE SEEN TO FLOW IN BOTH DIRECTIONS. THEY STATED A WILLINGNESS FOR MUTUAL FUNDING.
- 3. TECHNICAL COOPERATION ON HIGH VOLTAGE LONG DISTANCE ELECTRICAL TRANSMISSION WAS NOT OF INTEREST TO THE BRAZILIANS. THERE WAS LITTLE POSITIVE RESPONSE TO OUR SUGGESTIONS FOR ASSISTANCE IN GEOLOGICAL ANALYTIC TECHNIQUES. CONFIDENTIAL

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- 4. DRAFT COMMUNIQUE FOR PRESIDENT CARTER'S VISIT IF ENERGY COOPERATION IS AN AGENDA ITEM (COMPOSED WITH EMBASSY) FOLLOWS: THE TWO PRESIDENTS DISCUSSED THEIR COMMON INTEREST IN REDUCING DEPENDENCE ON IMPORTED OIL AND REVIEWED THEIR COUNTRIES' PROGRAMS IN ENERGY RESEARCH AND DEVELOPMENT. THEY AGREED TO ESTABLISH A PROGRAM OF COOPERATION THAT WOULD EMPHASIZE BOTH NATIONS' AREAS OF ADVANCED EXPERTISE AND ENSURE A TWO-WAY FLOW OF BENEFITS; COAL MINING, PROCESSING AND CONVERSION, THE PRODUCTION OF ALCOHOL FROM SUGAR AND OTHER AGRICULTURAL PRODUCTS, AND INDUSTRIAL AND TRANSPORTATION ENERGY CONSERVATION. THE USE OF SYSTEMS ANALYSIS FOR THE EVALUATION OF ALTERNATIVE ENERGY DEVELOPMENT SCENARIOS WAS ALSO MENTIONED AS A POSSIBLE TOPIC FOR FUTURE DISCUSSION. THIS AGREEMENT WILL BE FOLLOWED BY MEETINGS OF EXPERTS TO DESIGN SPECIFIC COOPERATIVE PROGRAMS, INCLUDING THE POSSIBILITY OF JOINT FUNDING OF R&D ACTIVITIES.
- 5. ACTION REQUESTED: THAT THE ABOVE SUGGESTED COMMUNIQUE LANGUAGE BE INCORPORATED INTO THE DRAFT LANGUAGE BEING PREPARED IN WASHINGTON FOR DISCUSSION WIT THE GOB. THIS WILL PROVIDE AN OPPORTUNITY TO SEEK AN EARLY GOB POLICY DECISION ON THE ISSUE. JOHNSON

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